

Opening Statement

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U.S. House Committee on Science Subcommittee on Space and Aeronautics
Joint Hearing: *NASA Financial Management Challenges*

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Good morning. I want to welcome the witnesses to today's hearing.

In addition, I want to welcome Chairman Platts and Ranking Member Towns and the other members of the Government Management, Finance, and Accountability subcommittee to our hearing room.

The topic of today's hearing - the status of NASA's financial management system - is an important one. And I'm pleased that our two subcommittees are working together to determine what kind of job NASA is doing on financial management, and what the agency needs to do to improve its performance.

The challenge facing NASA was put starkly in a September 9th letter to Chairman Boehlert and Ranking Member Gordon that accompanied the GAO report on this topic that is being released today.

To quote GAO: *"As we and others have reported in the past, the National Aeronautics and Space Administration (NASA) has fundamental problems with its financial management operations that undermine its external financial reporting ability and thwart its efforts to effectively manage and oversee its major programs."*

That is a very sobering assessment.

In addition, the NASA Inspector General will testify today that NASA financial statements will again fail to receive a passing grade from NASA's independent auditors, with the auditors citing [to quote the IG] *"instances of noncompliance with generally accepted accounting principles, reportable conditions (with most being material weaknesses) in internal controls, and noncompliance with the Federal Financial Management Improvement Act and the Improper Payments Information Act of 2002."*

Equally troubling, the IG will testify that: *"The Agency has not been able to articulate with clarity comprehensive action plans for how it will address its internal control weaknesses or its financial management problems."*

In fairness, NASA has a tough challenge in trying to develop an integrated financial management system for an agency that has had a large number of independent "legacy" systems at its Centers. And both the IG and the GAO will testify that NASA has made *some* progress over the past several years.

Yet, they also both indicate that NASA has a very long road ahead of it, with success not yet assured. I hope today's hearing will shed some light on the challenges that NASA is going to have to address, as well as help identify the most promising approaches for NASA to take.

That said, I again want to welcome our witnesses, and I look forward to your testimony. Thank you and I yield back the balance of my time.